ASSEMBLY BILL No. 672

Introduced by Assembly Member Harkey

February 21, 2013

An act to amend Section 19591 of, *to amend and repeal Section 17735 of,* and to repeal Sections ~~17735,~~19513, 19514, and 19515 of, the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 672, as amended, Harkey. Tax administration: tax clearance certificates.

Existing law requires, for specified estates, a tax clearance certificate issued by the Franchise Tax Board certifying that all taxes have been paid or secured as required by law, before a probate court allows the final account of the fiduciary. *Existing law prohibits a deduction from being allowed for amounts attributable and taxable to nonresident beneficiaries if the fiduciary fails to obtain a tax clearance certificate, as specified.*

This bill would eliminate the tax clearance certificate requirement *related to the final account of the fiduciary* and related provisions. *This bill would also eliminate the tax clearance certificate requirement related to that deduction for taxable years beginning on or after January 1, 2014.*

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 ~~SECTION 1. Section 17735 of the Revenue and Taxation Code~~
2 ~~is repealed.~~
3   *SECTION 1. Section 17735 of the Revenue and Taxation Code*
4 *is amended to read:*
5   17735. *(a)* In the case of an estate, *for taxable years beginning*
6 *before January 1, 2014,* no deductions shall be allowed under
7 Section 661(a) of the Internal Revenue Code with respect to
8 amounts attributable and taxable to nonresident beneficiaries if
9 the fiduciary ~~fails~~ *failed* to obtain a certificate as provided by
10 *former* Section 19513.
11   *(b) This section shall remain in effect only until December 1,*
12 *2018, and as of that date is repealed.*
13   SEC. 2. Section 19513 of the Revenue and Taxation Code is
14 repealed.
15   SEC. 3. Section 19514 of the Revenue and Taxation Code is
16 repealed.
17   SEC. 4. Section 19515 of the Revenue and Taxation Code is
18 repealed.
19   SEC. 5. Section 19591 of the Revenue and Taxation Code is
20 amended to read:
21   19591. (a) Specialized tax services fees shall be imposed upon
22 the following services provided by the board:
23   (1) Installment payment programs.
24   (2) Expedited services for:
25   (A) Corporation revivor requests.
26   (B) Tax-exempt status requests.
27   (C) Limited partnership revival confirmation letter requests.
28   (b) (1) For periods on or after the effective date of this section
29 and prior to January 1, 2006, the Franchise Tax Board shall publish
30 by notice a schedule of specialized tax services fees to be imposed,
31 which notice shall be exempt from the requirements of Chapter
32 3.5 (commencing with Section 11340) of Part 1 of Division 3 of
33 Title 2 of the Government Code. The amounts of these fees under
34 this paragraph shall be calculated in the same general manner as
35 required under paragraph (2).
36   (2) Commencing on January 1, 2006, the amount of the
37 specialized tax services fees shall be established by the board
38 through regulations adopted pursuant to Chapter 3.5 (commencing
39 with Section 11340) of Part 1 of Division 3 of Title 2 of the
40 Government Code, and shall be established in the manner and in

1 the amounts necessary to reimburse the board for the costs of
2 administering the specialized services, including the board's direct
3 and indirect costs for providing specialized tax services.
4   (3) For periods on or after the effective date of this section, and
5 prior to January 1, 2011, the amount of the specialized tax service
6 fee for limited partnership revival confirmation letter requests shall
7 be one hundred dollars ($100). Commencing on January 1, 2011,
8 the specialized tax service fee for limited partnership revival
9 confirmation letter requests shall be calculated in the same general
10 manner as required under paragraph (2).

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